LIVESTOCK SERVICES REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2000

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Livestock Services Revolving Fund as at March 31, 2000 and the statements of operations and accumulated operating surplus, and changes in accumulated net recovery for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
June 26, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

LIVESTOCK SERVICES REVOLVING FUND
BALANCE SHEET
As at March 31

	2000	1999
ASSETS		
Current:		
Accounts receivable (Note 10)	$ 272,513	$ 266,817
Inventory	33,330	31,360
Accumulated net recovery (Statement 3 and Note 10)	28,280	97,957
	334,123	396,134
Capital assets (Note 5)	56,060	81,998
	$ 390,183	$ 478,132
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable (Note 10)	$ 201,004	$ 145,864
Unearned revenue	3,100	—
	204,104	145,864
Fund equity:		
Accumulated operating surplus (Statement 2)	186,079	332,268
	$ 390,183	$ 478,132

(See accompanying notes to the financial statements)

Statement 2

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
Year Ended March 31

	Budget 2000 (Note 7)	Actual 2000	Actual 1999
REVENUE			
Livestock inspection fees	$ 2,218,047	$ 2,185,940	$ 2,177,395
Less commissions	43,047	41,842	41,980
Net inspection fees	2,175,000	2,144,098	2,135,415
Registered livestock brands	171,000	169,063	167,513
Livestock dealer licences	38,000	41,300	41,600
Administration fees	30,000	30,000	30,000
Other revenue	750	4,038	744
	2,414,750	2,388,499	2,375,272
EXPENSES			
Salaries and benefits	1,822,355	1,916,468	1,889,316
Travel	294,100	301,051	291,354
Stationery & printed forms	68,520	75,937	82,025
Telephone	70,275	77,019	79,465
Rental of office space & equipment	61,972	62,219	62,701
Amortization	41,000	44,185	38,197
Advertising & printing	14,396	778	4,018
Training & general consulting	26,022	24,512	61,608
Uniforms and dry cleaning	15,092	8,417	9,665
Computer hardware, software & supplies	13,864	6,563	2,539
Supplies & repairs	8,400	8,277	5,902
Loss on disposal of capital assets	—	—	7,127
Other	9,754	9,262	9,087
	2,445,750	2,534,688	2,543,004
Net (loss) income from operations	$ (31,000)	(146,189)	(167,732)
Accumulated operating surplus, beginning of year		332,268	744,052
Transfer to General Revenue Fund (Note 4)		—	(244,052)
Accumulated operating surplus, end of year, to Statement 1		$ 186,079	$ 332,268

(See accompanying notes to the financial statements)

Statement 3

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET RECOVERY
Year Ended March 31

	2000	1999
Financing required for (provided by) operating activities:		
Net loss from operations	146,189	167,732
Items not affecting working capital		
- amortization	(44,185)	(38,197)
- loss on disposal of capital assets	---	(7,127)
Net (increase) decrease in working capital items related to operations (Note 6)	(50,574)	25,961
	51,430	148,369
Financing required for investing activities:		
Purchase of capital assets	18,247	29,363
Financing activities:		
Payment to the General Revenue Fund	---	244,052
Net increase in financing requirements	69,677	421,784
Accumulated net recovery, beginning of year	(97,957)	(519,741)
Accumulated net recovery, end of year - to Statement 1	$ (28,280)	$ (97,957)

(See accompanying notes to the financial statements)

LIVESTOCK SERVICES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2000

1. Authority and Definition

The Livestock Services Revolving Fund was established on June 25, 1996 pursuant to Section 17.1 of *The Department of Agriculture Act*. The Revolving Fund's purpose is to operate the brand inspection program, the livestock inspection program, the livestock dealer licensing program and provide collection services for horned cattle and cattle marketing fees.

2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 6. The following accounting principles are considered significant.

a) Net Expenditure (Recovery)

The net expenditure (recovery) is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements from net capital acquisitions, working capital changes, and net cash flows from operations.

b) Accumulated Net Expenditure (Recovery)

The accumulated net expenditure (recovery) of the Revolving Fund includes the following:

i) the net expenditure (recovery) for each fiscal year; and

ii) the book value of assets acquired at no charge from another government agency.

c) Capital Assets and Amortization

Capital assets are recorded at cost net of accumulated amortization. The cost and related accumulated amortization of items retired or disposed of

are removed from the records and any gains or losses are included in the statement of operations and accumulated operating surplus.

Amortization of capital assets is charged to operations using the straight line method at the following rates:

Computer equipment	33.3%
Office furniture	10%
Computer software	33.3%
Office equipment	20%

Assets acquired or disposed of by the Revolving Fund during the year are amortized at 50% of the above rates for the year of acquisition and disposal.

3. Authorized Financing

Subsection 17.1(12) of *The Department of Agriculture Act* provides for a maximum accumulated net expenditure, which may at any time be outstanding to be set by Order of the Lieutenant Governor in Council. Order in Council 536/97 established the maximum accumulated net expenditure of the Revolving Fund at $3,000,000.

4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with subsection 17.1(6) of *The Department of Agriculture Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated operating surplus (deficit) for the Revolving Fund shall be $500,000. Treasury Board has also specified that if at the end of the fiscal year, the accumulated surplus (deficit) exceeds the maximum, then the surplus (deficit) in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to (from) the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it is recovered from the Department's appropriation in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

5. Capital Assets

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	$ 119,798	$ 84,148	$ 35,650	$ 55,187
Office furniture	8,830	2,064	6,766	7,649
Computer software	8,636	6,366	2,270	5,146
Office equipment	17,568	6,194	11,374	14,016
	$ 154,832	$ 98,772	$ 56,060	$ 81,998

6. Net Change in Working Capital Items Related to Operations

	2000	1999
Increase in accounts receivable	$ 5,696	$ 15,160
Increase (decrease) in inventory	1,970	(8,921)
(Increase) decrease in accounts payable	(55,140)	19,722
(Increase) in unearned revenue	(3,100)	---
	$ (50,574)	$ 25,961

7. Budget

Treasury Board approves the Revolving Fund's budget annually.

8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

The following routine operating transactions with related parties include expenses settled at standard rates charged by related parties.

	2000	1999
Financial statement category:		
Revenues	$ 30,000	$ 30,000
Expenses	196,177	266,134
Accounts payable	27,467	28,346

The Revolving Fund received use of office space and administration services from the Department without charge. In addition, the Revolving Fund pays Education and Health tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

9. Amount Recorded in Public Accounts

The net expenditure of the Revolving Fund reported in the Public Accounts is the net loss of the Revolving Fund adjusted for the following differences in accounting policies between the Revolving Fund and the General Revenue Fund.

	2000	1999
Net loss from operations	$ 146,189	$ 167,732
Payments to General Revenue Fund	—	244,052
(Decrease) in net capital assets	(25,938)	(15,961)
Increase (decrease) in inventory balance recorded by Revolving Fund	1,970	(8,921)
Revenue adjustment recorded by General Revenue Fund	—	78,676
Timing differences in recording revenue/expenses	(8,891)	—
Net expenditure reported in the Public Accounts	$ 113,330	$ 465,578

10. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing, and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. Most of the receivables were received shortly after year end reducing the credit risk.

c) Fair Value

Accounts receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

The fair value of the accumulated net recovery has been omitted because it is not practicable to determine the fair value with sufficient reliability.